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and Certain of Its Affiliates*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

LEHMAN BROTHERS HOLDINGS INC., *et al.*,

Debtors.

Chapter 11 Case No.

08-13555 (SCC)

(Jointly Administered)

**NOTICE OF SUBPOENA ISSUED TO LEHMAN BROTHERS
FINANCE AG (IN LIQUIDATION) A/K/A LEHMAN BROTHERS FINANCE SA
(EN LIQUIDATION) PURSUANT TO ORDER GRANTING THE DEBTORS
AUTHORITY TO ISSUE SUBPOENAS FOR THE PRODUCTION OF DOCUMENTS
AND AUTHORIZING THE EXAMINATION OF PERSONS AND ENTITIES**

Pursuant to the *Order Granting the Debtors Authority to Issue Subpoenas for the
Production of Documents and Authorizing the Examination of Persons and Entities* [ECF No.
5910], dated November 23, 2009 (the “Order”),¹ the Court granted Lehman Brothers Holdings
Inc. and its affiliated debtors in the above-referenced chapter 11 cases (together, the “Debtors”)
authority to issue subpoenas requiring persons or entities to produce documents to the Debtors
and/or submit to examinations by the Debtors.

¹ All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Order.

As required by the Order, the Debtors hereby file notice of a subpoena (the “Subpoena”) issued by Lehman Brothers Holdings Inc. (“LBHI”) pursuant to the Order to Lehman Brothers Finance AG (in liquidation) a/k/a Lehman Brothers Finance SA (en liquidation) (“LBF”) relating to this Court’s order, order entered on April 25, 2013 [ECF No. 36866] (the “9019 Order”), approving a settlement agreement dated March 27, 2013 between, *inter alia*, LBHI and LBF (the “Settlement Agreement”).

The Court’s approval of the Settlement Agreement pursuant to the 9019 Order was premised, in part, on LBF’s obligation under the Settlement Agreement to assign to LBHI certain intercompany affiliate claims (the “Assigned Affiliate Claims”) together with the proceeds that LBF has collected, to date, in respect of such claims (the “Net Proceeds”). The Settlement Agreement became effective on March 21, 2014 (the “Effective Date”).² On the Effective Date, LBF was required to transfer to LBHI all Net Proceeds pursuant to section 3.2(g) of the Settlement Agreement.³

However, LBF has wrongfully withheld, and continues to withhold from the Net Proceeds amounts totaling approximately \$67 million on account of disputes between LBF and third parties unrelated to LBHI. Specifically, of the \$67 million that LBF is wrongfully withholding from LBHI, \$19,624,778.25 represents an amount that LBF alleges should have

² See Notice of Effective Date of Settlement Agreement By and Among the LBHI Parties and Lehman Brothers Finance AG (In Liquidation) a/k/a Lehman Brothers Finance SA (En Liquidation) Dated March 27, 2013 [ECF No. 43687].

³ The only provision of the Settlement Agreement that permits LBF to retain any Net Proceeds is section 3.2(h). Section 3.2(h) of the Settlement Agreement entitles LBF “to retain as collateral, and not transfer or assign to LBHI, on the Effective Date, proceeds of Assigned Affiliate Claims received or held by LBF up to \$125 million.” LBF is required to return this collateral to LBHI once it has received a release from certain Lehman affiliates in Hong Kong (“LBHK”), and the Hong Kong court has approved LBF’s settlement with LBHK. (The LBHK entities have recently agreed that they have no such counterclaims against LBF; on the contrary, they admit that they owe money to LBF, not the other way around. As such, this \$125 million represents a significant amount of cash that, under any equitable measure, should be returned to LBHI in full.) LBF is not entitled under the Settlement Agreement to retain or deduct any other amounts from the transfer of the Net Proceeds.

been wired to LBF by BanSabadell Inversión, S.A., S.G.I.I.C. ("BanSabadell"), but that LBF alleges was wired to LBHI instead. LBHI has no record of receiving these funds, despite having searched for them more than a year ago. LBHI has also never received any correspondence from BanSabadell, as would be expected, indicating that there was a misdirected wire.

The remaining \$46,889,634.53 that LBF is withholding represents an amount that is currently in dispute between LBF and Citigroup Global Markets Ltd. ("CGML"), an affiliate of Citibank. Citibank and its affiliates have asserted a right of setoff against the net amount owed to LBF under a series of ISDA transactions between LBF, on the one hand, and Citibank and certain of its affiliates, including CGML, on the other hand, because of an amount that is allegedly owed by Lehman Brothers Special Financing Inc., another Lehman affiliate, to Citibank under a separate ISDA transaction.⁴

Under the pretext of these and other disputes with third parties, LBF has refused to perform its obligations under the Settlement Agreement that were the basis of this Court's entry of the 9019 Order. Through the Subpoena, LBHI seeks production of documents and interrogatories, and appearance and testimony at an examination regarding these matters, pursuant to Fed. R. Bankr. P. 2004.

⁴ On July 7, 2014, LBF initiated litigation against Citibank in the United States Bankruptcy Court for the Southern District of New York seeking to recover, among other things, the \$46,889,634.53 that Citibank has purported to offset against its obligations to LBF.

The date the Subpoena was served, the name of the witness and the date, time and place of any examination are set forth on “Exhibit A” attached hereto.

Dated: October 22, 2014
New York, New York

/s/ Alfredo R. Pérez
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Exhibit A

NOTICE OF SUBPOENA

Name of Witness:	Lehman Brothers Finance AG (in liquidation) a/k/a Lehman Brothers Finance SA (en liquidation)
Date of Service of Subpoena:	October 20, 2014
Subject of Subpoena:	Production of Documents and Interrogatories, and Appearance and Testimony at an examination, pursuant to Fed. R. Bankr. P. 2004
Date, Time and Place of any Examination:	Documents to be produced by November 15, 2014 at 10:00 A.M. (EST) at Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153 Appearance and Testimony at an examination at Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153 on December 15, 2014 at 10:00 A.M. (EST)